

NO. _____

STATE OF TEXAS
Plaintiff,

V.

**YULIYA FROLOV,
ALEKSANDR NOVIKOV
VLADLEN BREGER d/b/a
INTERNATIONAL AUTOMOBILE
DRIVERS,
Defendants**

§§ 87(2)(b), 87(4-b), 87(4-g), 87(4-h)

IN THE DISTRICT COURT OF

HARRIS COUNTY, TEXAS

JUDICIAL DISTRICT

**PLAINTIFF'S ORIGINAL VERIFIED PETITION AND EX PARTE APPLICATION
FOR TEMPORARY RESTRAINING ORDER, TEMPORARY INJUNCTION AND
PERMANENT INJUNCTION**

COMES NOW the State of Texas, Plaintiff, by and through Attorney General GREG ABBOTT (referred to herein as “Attorney General”), on behalf of the interest of the general public of the State of Texas, and complains of Yuliya Frolov¹, Aleksandr Novikov² and Vladlen Breger doing business as International Automobile Drivers, Defendants. The Plaintiff would respectfully show the Court the following:

DISCOVERY

1. Discovery shall be conducted under LEVEL 2 of Rule 190.3, of the Texas Rules of Civil Procedure.

JURISDICTION

¹Yuliya Frolov is also known as Yoliya Frolov and Julia Frolov.

²Alexandr Novikov is also known as Alexander Novikov.

2. This action is brought by Attorney General Greg Abbott in the name of the STATE OF TEXAS and in the public interest under the authority granted by §§17.47 of the Deceptive Trade Practices-Consumer Protection Act, TEX. BUS. & COM. CODE ANN. §17.41 *et seq.* (hereinafter “DTPA”), on the grounds that Defendants have engaged in false, deceptive, and misleading acts and practices in the course of trade and commerce as defined in, and declared unlawful by the DTPA. See TEX. BUS. & COM. CODE ANN. §§17.46(a) and 17.46(b).

DEFENDANTS

3. Aleksandr Novikov is an individual residing in Harris County, Texas, who can be served with process by serving his attorney, James Mark Cooper, at 300 Fannin, Suite 205, Houston, Texas 77002.

4. Vladlen Breger is an individual residing in Harris County, Texas, who can be served with process by serving his attorney, James Mark Cooper, at 300 Fannin, Suite 205, Houston, Texas 77002.

5. Yuliya Frolov is an individual residing in Harris County, Texas, who can be served with process at 305 Sage Road, #906, Houston, Texas 77056.

VENUE

6. Venue for this action lies in Harris County pursuant to §17.47(b) of the DTPA because Defendants reside and have their principal place of business in Harris County, Texas. Venue also lies in Harris County, Texas pursuant to TEX. CIV. PRAC. & REM. CODE ANN. §15.002 (a)(1)-(3) because Harris County is the place where all or a substantial part of the events or omissions giving rise to this claim occurred, and because all of the individual Defendants’ residences and their principal place of business were situated in Harris County at the time this cause of action accrued.

PUBLIC INTEREST

7. Because the Attorney General has reason to believe that Defendants have engaged in, and will continue to engage in the unlawful practices set forth below, the Attorney General has reason to believe defendants have caused and will cause immediate, irreparable injury, loss and damage to the State of Texas, and will also cause adverse effects to legitimate business enterprises which lawfully conduct trade and commerce in this State. Therefore, the Attorney General believes and is of the opinion that these proceedings are in the public interest.

TRADE AND COMMERCE

8. Defendants have, at all times described below, engaged in conduct constituting trade” and “commerce,” as those terms are defined in §17.45(6) of the DTPA.

ACTS OF AGENTS

9. Whenever in this petition it is alleged that Aleksandr Novikov, Vladlen Breger and Yuliya Frolov did any act or thing, it is meant that Aleksandr Novikov, Vladlen Breger and Yuliya Frolov performed or participated in such act or thing or that such act was performed by the officers, agents or employees of Aleksandr Novikov, Vladlen Breger and Yuliya Frolov and in each instance, the officers, agents or employees of Aleksandr Novikov, Vladlen Breger and Yuliya Frolov were then authorized to and did in fact act on behalf of Aleksandr Novikov, Vladlen Breger and Yuliya Frolov or otherwise acted under the guidance and direction of Aleksandr Novikov, Vladlen Breger and Yuliya Frolov.

NOTICE

10. Pursuant to §17.47(a) of the Deceptive Trade Practices Act, contact has not been made with

the Defendants to inform them of the unlawful conduct alleged herein, because Plaintiff is of the opinion that there is good cause to believe that such an emergency exists that immediate and irreparable injury, loss or damage would occur as a result of such delay in obtaining a temporary restraining order, and that Defendants would evade service of process, destroy relevant records and secrete assets if prior notice of this suit were given.

SPECIFIC FACTUAL ALLEGATIONS

11. Defendants, Aleksandr Novikov and Vladlen Breger filed an Assumed Name Certificate on February 17, 2000, to do business as *International Automobile Drivers*. The business address listed on the assumed name certificate is 5312A Bellaire Boulevard, Bellaire, Texas 77402. Defendant Yuliya Frolov is a business associate of Novikov and Breger and is also the girlfriend of Breger.

12. Defendants offer consumers identification cards labeled as "International Driver's Licenses" for a fee ranging from \$50 to \$200 each.

13. Defendants represent to consumers that this form of identification can be legally valid as a driver's license in any state, including the State of Texas, and in any nation around the world, and is therefore more valuable than a Texas driver's license.

14. Defendants represent to consumers that police officers will accept the International Driver's Licenses sold by them in place of a valid Texas driver's license.

15. Defendants represent to consumers that the driver's licenses sold by them are sufficient for consumers to obtain automobile insurance in Texas.

16. Defendants advertised in local newspapers and periodicals that these driver's licenses are valid in any U.S. State for a period of ten years.

17. Defendants falsely represented to consumers that their product was validated as a driver's

license by the United States government through an agreement sponsored by the United Nations.

18. Defendants specifically targeted immigrant victims by advertising primarily in Spanish-language newspapers throughout the Houston area.

19. The Mexican Consulate received several complaints from Mexican nationals who purchased these fraudulent licenses after being misled by Defendants.

20. Defendants affirmatively misrepresented to consumers the regulations set forth by the United Nations Conference on Road Traffic by implying that said regulations allowed the Defendants to issue International Driver's Licenses and that the United States and other nations agreed to accept such licenses issued by Defendants.

21. Defendants are not authorized by either the State of Texas, the United States government, or the United Nations to issue International Driver's licenses. The driver's licenses issued by Defendants are completely bogus.

22. Contrary to what consumers are told by Defendants, the *American Automobile Association (AAA)* and the *American Automobile Touring Alliance* are the only organizations authorized to issue International Driving Permits in the United States.

23. Defendants also operate a location in Dallas at 509 North Winnetka, Suite 206. Defendants paid the rent at this Dallas location, and have paid for advertising at this location, with checks drawn on their Houston business checking account. Defendants were also paid large sums of money by consumers from Louisiana for these bogus licenses.

24. Defendants pocketed hundreds of thousands of dollars from immigrant and other victims via the sale of these bogus driver's licenses. Defendants have purchased expensive condominiums, automobiles, home furnishings, and other personal effects from the proceeds of these ill-gotten gains.

25. On October 2, 2002, Plaintiff's served a Civil Investigative Demand and Request to take a Sworn Statement of Defendants Aleksandr Novikov and Vladlen Breger, pursuant to DTPA §§ 17.60 & 17.61. On December 10, 2002, Plaintiff's took the sworn statements of Defendants Novikov and Breger. On December 10, 2002, attorneys for Plaintiff told Defendants Novikov and Breger, in explicit terms, of the State of Texas' monetary and injunctive claims against them for engaging in false, misleading and deceptive acts and practices.

26. In December 2001 and April 2002 respectively, Defendant Novikov purchased (2) condominiums in fee simple at 3505 Sage Road [units 407 & 906], Houston, Texas 77056. These condominiums were purchased with the proceeds from Defendants' illegal driver's license scheme. Defendant Novikov resided in Unit 407 and Defendant Breger resided in Unit 906, despite both units being placed in the name of Defendant Novikov. In February 2003, after Plaintiff made Defendants aware of its claims against them, Defendant Novikov transferred and sold both condominiums. In particular, Defendant Novikov transferred Unit # 906 to Defendant Yuliya Frolov, the girlfriend of Defendant Vladlen Breger—who is also the business associate/partner of both Novikov and Breger. This conveyance was effectuated by Defendant Novikov executing a warranty deed with vendor's lien granting title in fee simple to Defendant Frolov.

27. Defendant Novikov transferred the property described in the immediately preceding paragraph with the intent to delay, hinder, and defraud Plaintiff, in that Defendant Novikov transferred the property with the intent of preventing Plaintiff from obtaining collection of Plaintiff's claim described herein. In this connection, the transfer of the property to Defendant Frolov constitutes a transfer to an "insider." Furthermore, Defendant Breger, Novikov and Frolov have

retained possession and control of Unit 906 subsequent to the transfer. Defendant Breger still has all of his furnishings and many of his personal effects still in Unit 906. Defendant Frolov still retains a key and is using a bedroom in Unit 906 as an occasional residence, despite the fact that she has "leased" the unit to someone that she does not know. Before the transfer of Unit 906, Defendants were threatened with imminent suit by Plaintiff. Units 906 and 407 constitute substantially all of the Defendants' assets. Simultaneously with the transfer of Unit 906, both Defendants Breger and Novikov absconded and moved to New York city. Defendants have a history of skimming money from their illegal business and removing and concealing their assets. The value of the consideration received by Defendant Novikov for the sale of the condos mentioned herein was reasonably equivalent to the value of the assets transferred. Moreover, Defendant Novikov was insolvent shortly after the fraudulent transfer was made.

28. Defendant Frolov purchased the property described above from Defendant Novikov with notice of Defendant Novikov's intent to delay, hinder and defraud Plaintiff. In this connection, Defendant Frolov is the girlfriend of Defendant Breger and the business associate of both Defendant Breger and Novikov and had knowledge that Defendant Novikov was in serious financial difficulty at the time of the transfer of Unit 906 referenced herein. Defendant Frolov, despite leasing Unit 906 out to a stranger, still retains possession and control over Unit 906 and the contents therein—which still belong to Defendant Breger.

VIOLATIONS OF THE DTPA

29. Defendants have, in the course and conduct of trade and commerce, directly and indirectly engaged in false, misleading and deceptive acts and practices declared to be unlawful by DTPA, §17.46(a) and DTPA §17.46(b), to wit:

A. Causing confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services, in violation of DTPA §17.46(b)(2);

B. Causing confusion or misunderstanding as to affiliation, connection, or association with, or certification by, another, in violation of DTPA §17.46(b)(3);

C. Representing that goods or services have sponsorship, approval, characteristics, uses, or benefits which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not have, in violation of DTPA §17.46(b)(5);

D. Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another, in violation of DTPA § 17.46(b)(7);

E. Representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve, or which are prohibited by law, in violation of DTPA §17.46(b)(12); and

F. Failing to disclose information concerning goods or services which was known at the time of the transaction if such failure to disclose such information was intended to induce the consumer into a transaction which the consumer would not have entered had the information been disclosed, in violation of DTPA §17.46(b)(24).

UNIFORM FRAUDULENT TRANSFER ACT VIOLATIONS

30. The transfer of the property located at 3505 Sage Road [Unit # 906], Houston, Texas 77056 by Defendant Novikov to Defendant Frolov is fraudulent as to Plaintiff because the debtor Defendant Novikov made the transfer with actual intent to hinder, delay, and defraud the Plaintiff creditor of Novikov. This transfer violates TEX. BUS. & COM. CODE ANN. § 24.005. Plaintiff

seeks an avoidance of the transfer to the extent necessary to satisfy Plaintiff's claims against Defendants. Plaintiff also seeks immediate injunctive relief to prohibit Defendants from further transferring of or disposing of any of their real or personal property, including the 3505 Sage Road property, to any subsequent transferee, pursuant to TEX. BUS. & COM. CODE ANN. § 24.008(a)(1)-(3).

DISGORGEMENT

31. All of Defendants' assets are subject to the equitable remedy of disgorgement, which is the forced relinquishment of all benefits that would be unjust for defendants to retain, including all ill-gotten gains and benefits or profits that result from defendants putting fraudulently converted property to a profitable use. Defendants should be ordered to disgorge all monies fraudulently taken from individuals, together with all of the proceeds, profits, income, interest and accessions thereto. Such disgorgement should be for the benefit of victimized consumers and the State of Texas.

EQUITABLE RECISSION

32. All agreements between consumers and Defendants should be subject to the equitable remedy of rescission.

CONSTRUCTIVE TRUST

33. A constructive trust should be placed upon all of Defendants' assets in favor of all consumers victimized by Defendants and in favor of the State of Texas until this Court determines the appropriate amount of restitution and disgorgement.

REPATRIATION OF ASSETS

34. After due notice and a hearing, the court should order that all of Defendants' assets situated outside the jurisdiction of this Court be deposited or repatriated into an appropriate financial

institution within the jurisdiction of this Court.

CONSPIRACY TO DEFRAUD

35. Defendants, in concert with each other and their agents and employees, agreed to willfully and fraudulently obtain funds from consumers by engaging in the course of conduct complained of herein, which course of conduct Defendants knew had the tendency and capacity to deceive.

EQUITABLE LIEN

36. An equitable lien should be placed in favor of the State of Texas and on behalf of all injured consumers on all real and personal property of Defendants which was purchased or acquired, in whole or in part, from proceeds of Defendants' illegal International Driver's License scheme.

REQUEST FOR FINDINGS OF ACTUAL FRAUD AND FALSE REPRESENTATION

37. The Court should make findings at the conclusion of this case that all of the Defendants engaged in actual fraud and false representation in that Defendants have made repeated and materially false representations to the public concerning the sale of International Driver's Licenses, which were known to be false when made or were made without knowledge of the truth of the matters asserted. Such false representations were made with the intention that they be acted upon by the parties to whom the misrepresentations were made. Reliance upon these false representations has resulted in injury to hundreds of consumers in the State of Texas and surrounding States.

NECESSITY OF IMMEDIATE RELIEF TO PRESERVE DEFENDANTS' ASSETS

38. Plaintiff requests immediate relief by way of a temporary restraining order and temporary

injunction to preserve and protect Defendants' assets from dissipation so that the victims of Defendants' actions can receive the restitution to which they are entitled. Defendants received large sums of money through their business operations and use fraudulently obtained funds for personal gain. Defendant's assets are subject to dissipation for the following reasons:

A. Defendants operate a completely illegal business, selling bogus International Driver's Licenses to hundreds and possibly thousands of victims. All of the monies taken in by this scam is contraband.

B. Defendants claim that they do not have any records which would indicate identifying information on the many victims that they took money from. Defendants have concealed records from Plaintiff which were never furnished to Plaintiff pursuant to its pre-suit Civil Investigative Demand. Defendants continue to conceal business records from Plaintiff, such as bank records, consumer lists, cash receipts, and other documents relating to their illegal scheme.

C. Defendants took in large sums of cash from their many victims, much of which was never deposited into their business bank accounts. Instead, much of this cash was either deposited into their own personal bank account or simply spent by Defendants with no accounting whatsoever.

D. Defendants Novikov and Breger are Russian immigrants. Neither of these Defendants are U.S. Citizens. Shortly after discovering Plaintiff's claims against them, they began to fraudulently sell their assets and real estate holdings in an attempt to hinder and defraud Plaintiff and the consumer victims of Defendants.

E. Defendants purchased expensive condominiums, autos and personal effects with the money they stole from victims. They traveled all over the world, bought expensive clothes, ate in expensive restaurants, and threw lavish "all night" parties. They spent large sums of money

refurbishing and remodeling their condominiums. All of these luxury items were purchased from monies stolen from innocent victims.

F. Defendants Novikov and Breger have absconded and fled the jurisdiction. They are now believed to be in New York City, where they have ties, and it is believed that they may further flee to Europe in an effort to avoid responsibility for their illegal operations.

For these and other reasons, the assets of Defendants are subject to dissipation and sequestration and therefore should be frozen pending final trial so restitution can be made and full and final relief can be awarded at the conclusion of this case.

REQUEST TO CONDUCT DISCOVERY PRIOR TO TEMPORARY INJUNCTION HEARING

39. Plaintiff requests leave of this Court to conduct telephonic, oral, written and other depositions of witnesses prior to any scheduled Temporary Injunction Hearing and prior to Defendant's answer date. There are a number of victims and other witnesses who may need to be deposed prior to any scheduled injunction hearing, including victims who do not reside in Houston, Texas. Any depositions, telephonic or otherwise, would be conducted with reasonable, shortened notice to Defendants and their attorneys, if known.

TRIAL BY JURY

40. Plaintiff herein requests a jury trial and tenders the jury fee to the Harris County District Clerk's office pursuant to TEX. R. CIV. P. 216 and TEX. GOV'T CODE ANN. §51.604.

APPLICATION FOR EX PARTE TEMPORARY RESTRAINING ORDER, TEMPORARY INJUNCTION AND PERMANENT INJUNCTION

41. Because Defendants have engaged in the unlawful acts and practices described above, Defendants have violated and will continue to violate the law as alleged in this Petition. Unless

immediately restrained by this Honorable court, Defendant will continue to violate the laws of the STATE OF TEXAS and cause immediate, irreparable injury, loss and damage to the State of Texas and to the general public.

42. WHEREFORE, Plaintiff prays that Defendants be cited according to law to appear and answer herein; that before notice and hearing a TEMPORARY RESTRAINING ORDER be issued; that after due notice and hearing a TEMPORARY INJUNCTION be issued; and upon final hearing a PERMANENT INJUNCTION be issued, restraining and enjoining Defendants, Defendants' successors, assigns, officers, agents, servants, employees, relatives, and attorneys and any other person in active concert or participation with Defendants from engaging in the following acts or practices:

A. Transferring, concealing, destroying, or removing from the jurisdiction of this Court any books, records, documents, invoices or other written materials relating to the business of Defendants currently or hereafter in Defendants' possession, custody or control except in response to further orders or subpoenas in this cause;

B. Transferring, spending, hypothecating, concealing, encumbering, withdrawing, removing or allowing the transfer, removal, or withdrawal from any financial institution or from the jurisdiction of this Court any money, stocks, bonds, assets, notes, equipment, funds, accounts receivable, policies of insurance, trust agreements, or other property, real, personal or mixed, wherever situated, belonging to or owned by, in the possession or custody of, standing in the name of, or claimed by Defendants without further order of this court;

C. Opening or causing to be opened any safe deposit boxes or storage facilities titled in the name of Defendants or any of their aliases, or subject to access or control by Defendants,

without providing Plaintiff and the Court prior notice by motion seeking such access;

D. Representing, expressly or by implication, that Defendants are legally authorized to issue any type of driver's license or permit;

E. Representing, expressly or by implication, that any governmental body or agency, including the United Nations, sanctions Defendants' goods or services when it does not;

F. Selling, offering, or advertising the sale of any type of driver's permit or license, including, but not limited to, International Driver's Licenses;

G. Representing, expressly or by implication, to any person that possessing an identification card or international driver's license gives or allows one the legal right to drive or operate a motor propelled vehicle in the United States or its territories;

H. Representing to anyone, expressly or by implication, that possessing an identification card sold by the Defendants will aid or assist them in any way;

I. Representing to anyone, expressly or by implication, that the governments of other states or other nations have agreed to accept an International Driver's License or permit as a valid license or permit to drive;

J. Representing to anyone, expressly or by implication, that defendants' product can legally serve as a substitute for a Texas driver's license when approached by law enforcement officials;

K. Representing to anyone, expressly or by implication, that possessing defendants' product will effectively erase the person's past driving record;

L. Representing to anyone, expressly or by implication, that defendants' product is sufficient as a driver's license for the purpose of obtaining automobile insurance;

M. Representing to anyone, expressly or by implication, that automobile insurance companies accept Defendants' product as a valid driver's license;

N. Representing to anyone, expressly or by implication, that possessing an International Driver's license can or will protect someone from arrest, traffic tickets or other law enforcement measures that may be taken against them;

O. Producing, publishing, or distributing print advertisements, brochures, radio or television commercials, websites or other promotional materials that make any reference to any type of International Driver's License, or driving license or permit;

P. Removing, moving, concealing, transferring, conveying, selling, damaging or encumbering any of the personal property situated at 3505 Sage Road [Unit # 906], Houston, Texas 77056 or any other real or personal property, wheresoever situated, until further order of the Court.

43. In addition, plaintiff STATE OF TEXAS respectfully prays that this Court will:

A. Adjudge against Defendants civil penalties in favor of plaintiff, State of Texas in an amount up to \$2,000.00 per violation, not to exceed \$10,000.00 allowed by law under the DTPA, pursuant to DTPA § 17.47(c)(1);

B. Adjudge against Defendants civil penalties in favor of Plaintiff STATE OF TEXAS in an amount up to \$10,000 per violation, not to exceed \$100,000.00 allowed by law under the DTPA, specifically, DTPA §17.47(c)(2), due to Defendants committing acts and practices which were calculated to acquire or deprive money or other property from consumers who were 65 years of age or older when the act or practice occurred;

C. Order Defendants to restore all money or other property taken from identifiable

persons by means of unlawful acts or practices, or, in the alternative, award judgment for damages in an amount within the jurisdictional limits of this court to compensate for such losses;

D. Order equitable rescission of any contracts between defendants and consumers whereby consumers receive all of the money back that they paid to Defendants;

E. Place an equitable lien upon all of Defendants' assets in favor of the State of Texas and the consumer victims on whose behalf this action is brought;

F. Order the disgorgement of all sums taken from consumers by means of deceptive trade practices, together with all proceeds, interest, income, profits and accessions thereto

G. Order all of Defendants' assets situated outside the State of Texas to be repatriated and brought back within the jurisdictional boundaries of the State of Texas;

H. Grant leave to the Plaintiff to conduct telephonic, oral and other depositions prior to the Defendants' answer date and any Temporary Injunction hearing; and

I. A declaration that the transfer of the Sage property from Defendant Novikov to Defendant Frolov is void with respect to Plaintiff, State of Texas;

J. A decree setting aside and cancelling the transfer and the general warranty deed executed by Defendant Novikov in favor of Defendant Frolov evidencing the transfer as fraudulent;

K. Order Defendants to pay plaintiff, State of Texas attorney fees and costs of court pursuant to TEX. GOV'T CODE §402.006(c); and

L. Grant all other relief to which the plaintiff, State of Texas may show itself entitled.

Respectfully submitted,

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